(iii) Use of stimulation techniques for increasing production from existing fields.

(iv) Application of Enhanced Oil Recovery (EOR)/Improved Oil Recovery (IOR) techniques for increasing recovery factor from existing fields.

(v) Arresting decline from ageing fields.

(vi) Acquisition of exploration acreages and oil producing properties overseas, to bring in equity oil.

(vii) Substitution of oil through use of non-conventional source of energy such as bio-diesel, ethanol, etc.

Credit ratio of Public Sector Banks

*272. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether his Ministry has directed the Public Sector Banks to increase the lending through their branches in the districts in which they are the lead banks so that the credit ratio increases from the current level to 50 per cent in the next twelve months;

(b) if so, the Public Sector Banks, which have started implementing the directions of his Ministry and in how many States the credit ratio has been increasing consequent to the directions; and

(c) if not, the reasons therefor and the rationale for directing only the Bank of Baroda to enhance the ratio for certain districts ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (c) Public Sector Banks were advised by Reserve Bank of India to achieve a Credit Deposit (CD) ratio of 60% in respect of their rural and semi-urban branches, separately, on an all India basis and to ensure that wide disparity in the ratios between different States/Regions is avoided in order to minimize regional imbalances in credit deployment.

2. Further, RBI had advised the convener banks of the States to monitor the CD ratio in the State Level Bankers' Committee (SLBC) meetings and identify measures for enhancing the CD ratio. RBI had also advised the banks to set up Special Sub Committees (SSCs) of the District Level Consultative Committees in districts having CD ratio of less than 40%, in order to monitor the CD ratio and draw up Monitorable Action Plans (MAPs) to increase the CD ratio. The CD ratio in the States has been rising as indicated in the statement. (*See* below)

3. The Government has not issued any specific directions to the Bank of Baroda to enhance the CD ratio for certain districts.

Statement

Region-wise/State-wise CD Ratio during 2005 to 2007

Sr. No.	Region/State	31/Mar/05 CD Ratio in per cent	31/Mar/06 CD Ratio in per cent	31/Mar/07 D Ratio in per cent
1	2	3	4	5
	1. Northern Region	**59.9**	**65.5**	**68.6**
1.	Delhi	63.7	68.9	70.9
2.	Punjab	49.8	56.6	62.4

1	2	3	4	5
3.	Haryana	51.9	57.4	57.6
4.	Chandigarh	90.8	80.2	94.7
5.	Jammu & Kashmir	38.6	44.9	47.3
6.	Himachal Pradesh	36.0	40.5	41.5
7.	Rajasthan	69.0	78.4	82.5
	2. North-Eastern Region	**34.8**	**39.3**	**40.8**
8.	Assam	34.4	42.0	43.3
9.	Meghalaya	45.3	39.3	35.8
10.	Mizoram	50.9	51.5	53.8
11.	Arunachal Pradesh	24.4	25.1	26.8
12.	Nagaland	22.9	22.3	28.9
13.	Manipur	41.0	50.6	53.5
14.	Tripura	29.6	31.6	34.0
	3. Eastern Region	**46.3**	**49.7**	**52.5**
15.	Bihar	27.8	30.2	30.1
16.	Jharkhand	30.6	33.7	34.0
17.	West Bengal	53.6	57.2	62.6
18	Orissa	62.2	65.2	64.0
19.	Sikkim	29.0	45.4	52.3
20.	Andaman & Nicobar	26.4	27.9	28.2
	4. Central Region	**40.5**	**45.2**	**47.7**
21	Uttar Pradesh	37.0	42.0	45.1
22	Uttarakhand	24.7	25.8	27.0
23	Madhya Pradesh	55.4	60.0	62.2
24.	Chhattisgarh	45.8	50.2	53.0
	5. Western Region	**84.0**	**91.5**	**91.2**
25	Gujarat	46.7	56.4	64.5
26	Maharashtra	95.5	101.5	98.0
27	Daman & Diu	10.2	11.1	13.8
28	Goa	25.2	23.0	26.3
29	Dadra & Nagar Haveli	40.3	49.7	19.9

1	2	3	4	5
	6. Southern Region	**77.7**	**83.6**	**87.3**
30.	Andhra Pradesh	75.1	82.0	87.6
31.	Karnataka	74.1	76.8	77.5
32.	Lakshadweep	9.7	11.3	10.2
33.	Tamil Nadu	98.4	105.9	112.3
34.	Kerala	55.8	61.7	63.6
35.	Pondicherry	38.2	44.7	47.2
	ALL-INDIA	66.3	72.5	75.0

Source: RBI

Decline in interest rate of home loans

*273. SHRIMATI JAYA BACHCHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that interest rate on home loans has declined;

(b) if so, the number of occasions on which it has declined during the last one year;

(c) whether it is also a fact that the benefit of declined rate of interest is not being passed on to the existing borrowers; and

(d) if so, what are the reasons for differential rate of interest for existing as well as new borrowers?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) According to reports received from Public Sector Banks the rate of interest on home loans has been reduced by several banks during the last one year. The number of times the interest rate on home loans was reduced by these banks has varied from once to three times.

(c) and (d) Reduction in interest rates is expected to benefit borrowers of home loans. Banks generally offer two types of home loans, namely, home loans on fixed rate of interest and home loans on floating rate of interest. In the case of fixed loan product, the rate of interest is fixed for a specified period of time where after it is reset. Depending on the Benchmark Prime Lending Rate (BPLR) and the spread the fixed rate of interest on home loan for a new customer would be determined. Thus under fixed rate of interest a new customer may obtain a home loan at a different rate from an old customer.

For floating rate home loans, the rates are quoted with a spread in relation of BPLR and the applicable rate changes as and when the BPLR is revised. However, the existing customer of a floating rate home loan is affected only when the change in rate of interest is on account of change in BPLR. On account of market competition banks may revise the spread from time to time. Banks may also offer different rates through promotional campaigns by altering the spread between the benchmark rate and the lending rate of attract new borrowers.

This explains why there could be a different rate of interest between new and existing borrowers and why a new borrower may get a home loan at a different rate from an earlier loanee.